MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

DFA5054 – FINANCIAL ACCOUNTING

(All sections / Groups)

10 MARCH 2020
2:30 PM – 4:30 PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of **6** pages with **4** questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet and Worksheet provided.

QUESTION 1

PART A

Redza Security Management provides security services. Selected transactions for Redza are presented below.

Oct

1 Invested RM76,000 cash in the business.
2 Hired part-time security consultant. Salary will be RM2,500 per month. First day of work will be October 15.
4 Paid one month of rent for building for RM3,000.
7 Purchased equipment for RM28,000, paying RM5,000 cash and the balance on account.
8 Paid RM600 for advertising.
10 Received bill for equipment repair cost of RM490.
12 Provided security services for event for RM4,200 on account.
16 Purchased supplies for RM510 on account.
21 Paid balance due from October 7 purchase of equipment.
24 Received and paid utility bill for RM248.
27 Received payment from customer for October 12 services performed.
31 Paid employees' salaries and wages of RM6,100.

Required

Journalise the transactions. Exclude explanation. (12 marks)

PART B

Answer all the independents questions below.

(a) Briefly explain primary objective of financial reporting. (2 marks)

(b) Identify the **TWO (2)** fundamental qualitative characteristics and **FOUR (4)** enhancing qualities of useful financial reporting. (6 marks)

(c) Distinguish between comparability and consistency. (2 marks)

(d) Describe the constraint inherent in the presentation of accounting information. (2 marks)

(e) Define economic entity assumptions. (1 mark)

(Total: 25 marks)

Continued...

QUESTION 2
PART A

Allen Co. started its business on July 1, 2019 and prepare quarterly financial statements. The unadjusted and adjusted trial balance as of September 30 are shown below.

Allen Co.
Trial Balance
September 30, 2020

	Unadjusted		Adjusted	
	Dr.	**Cr.**	**Dr.**	**Cr.**
Cash	RM8,700		RM8,700	
Account Receivable	10,400		12,500	
Supplies	1,500		550	
Prepaid Rent	2,200		1,200	
Equipment	18,000		18,000	
Accumulated Depreciation - Equipment		RM0		RM800
Notes Payable		10,000		10,000
Account Payable		2,500		2,500
Salaries and Wages Payable		0		825
Interest Payable		0		200
Unearned Rent Revenue		1,900		350
Owner's capital		22,000		22,000
Owner's Drawings	1,600		1,600	
Service Revenue		16,000		18,100
Rent Revenue		1,410		2,960
Salaries and Wages Expense	8,000		8,825	
Rent Expense	1,900		2,900	
Depreciation expense			800	
Supplies Expense			950	
Utilities Expense	1,510		1,510	
Interest Expense			200	
	RM53,810	RM53,810	RM57,735	RM57,735

Required
Journalise the adjusting entries. (7 marks)

Continued...

PART B

Wilson Sdn. Bhd. is unable to reconcile the bank balance at March 31, 2019. Wilson's reconciliation is as follows.

	RM
Cash balance per bank	3,560.20
Add: NSF cheque	490.00
Less: Bank service charge	25.00
Adjusted balance per bank	4,025.20
Cash balance per books	3,875.20
Less: Deposits in transit	530.00
Add: Outstanding cheques	730.00
Adjusted balance per books	4,075.20

Required
Prepare the correct bank reconciliation. (5 marks)

PART C

Setia Company established a petty cash fund on May 1, cashing a cheque for RM100. The company reimbursed the fund on June 1 and July 1 with the following results.

	RM		RM
June 1		July 1	
Cash in fund	2.75	Cash in fund	4.25
Receipts:		Receipts:	
Delivery expense	31.25	Delivery expense	20.00
Postage expense	39.00	Entertainment expense	51.00
Miscellaneous expense	25.00	Miscellaneous expense	24.75

On July 10, Setia increased the fund from RM100 to RM130.

Required
Prepare journal entries for Setia Company for May 1, June 1, July 1, and July 10. (13 marks)

(Total: 25 marks)

Continued...

QUESTION 3
PART A

The trial balance columns of the worksheet for Ahmad Acupuncture at June 30, 2019 are as follows (amount in thousands).

Ahmad Acupuncture
Worksheet
For the Month Ended June 30, 2019

	Trial Balance	
Account Titles	**Dr.**	**Cr.**
Cash	RM2,320	
Accounts Receivable	2,440	
Supplies	1,880	
Accounts Payable		RM1,120
Unearned Service Revenue		240
Owner's Capital		3,600
Service Revenue		2,400
Salaries and Wages Expense	560	
Miscellaneous Expense	160	
	RM7,360	RM7,360

Other data:
1. A physical count reveals RM700 of supplies on hand.
2. RM90 of the unearned revenue is still unearned at month-end.
3. Accrued salaries are RM410.

Required
Enter the trial balance on a worksheet and complete the worksheet. Please write all your answers in the Worksheet provided. (20 marks)

PART B

The following questions could be asked by an internal or an external user of financial statements.

_____ Can we afford to give our employees a pay raise?
_____ Will the company be able to pay its short term debts?
_____ Do we need to borrow in the near future?
_____ How does the company's profitability compare to other companies?
_____ What does it cost us to manufacture each unit produced?

Required
Identify each of the questions above as being more likely asked by an internal user or an external user of financial statements. (5 marks)

(Total: 25 marks)

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QUESTION 4

PART A

Taylor A.S
Comparative Condensed
Statement of Profit or Loss
For the year ended 31 December

	2019 RM	2018 RM
Net sales	600,000	500,000
Cost of goods sold	468,000	400,000
Gross profit	132,000	100,000
Operating expenses	60,000	54,000
Net income	72,000	46,000

Required

(a) Prepare a horizontal analysis of the Statement of Profit or Loss data for Taylor by using 2018 as a base. (Show the amounts of increase or decrease). (10 marks)

(b) Prepare a vertical analysis of the Statement of Profit or Loss data for Taylor in columnar form for both years. (10 marks)

PART B

Willingham Sdn. Bhd.
Statement of Financial Position
as at 31 December

	2019 RM	2018 RM
Plant assets (net)	205,000	190,000
Inventory	60,000	50,000
Accounts receivable (net)	70,000	50,000
Cash	10,000	30,000
	345,000	320,000
Share capital	140,000	120,000
Retained earnings	55,000	40,000
Mortgage payable (6%)	100,000	100,000
Accounts payable	50,000	60,000
	345,000	320,000

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Additional information for year 2019:

1. Net income was RM38,000.
2. Sales on account were RM518,000. Sales returns and allowances were RM32,000.

Required

Compute the following ratios at December 31, 2019.

(a) Current ratio. (1.5 marks)

(b) Acid-test ratio. (1.5 marks)

(c) Account receivable turnover. (2 marks)

(Total: 25 marks)

End of Paper